

COSTA RICA

MUTUAL FUND INVESTMENTS CONSIDERED LEGAL

[Article; San Jose, La Nacion, Spanish, 16 May 1973,.p 1]

That is the conclusion reached by the legislative commission created to investigate the activities of these funds and of the American investor Robert Vesco in our country.

"The whole problem can be attributed to scruples which have sustained the thesis that the capital which has been brought in is not clean.

"In the past there have been investors in this country under accusations much worse than those now thrown against these mutual fund companies.

"We do not wish to interfere in legal actions which might be taken against them, nor do we want to be accused of interfering with the administration of justice in other countries.

"The legality of the investment of mutual funds in our country is beyond all doubt," states the major conclusion of the 42-page opinion released yesterday by the legislative commission especially created pursuant to a motion by ex-Deputy Daniel Oduber Quiros to investigate the activities of these funds and of financier Robert Vesco."

The opinion in its conclusion continues that "the propriety of these investments has been questioned, not for the country in general, but on account of the specific nature of some of the investments. But in the absence of a law to regulate foreign investment, nothing can be done to point out to foreigners the investments that the country is interested in having them make."

The signatories of the majority opinion, from which Deputy Rafael Angel Valladares Mora (of the Echandistas) abstained, clearly stated that "our work has been confined to the legality or illegality and to the propriety or impropriety of the operations of mutual funds and their representatives within the borders of Costa Rica, and we did not wish to

interfere in the activities of those funds outside our territory nor with legal actions which have been made or might be taken against them in the future in other countries."

They insist on the fact that "there was not one single person that came to declare to the commission and there was not a single document nor a single line published in the newspapers that would sustain the view that any of these investments made in our country were illegal."

Reason for the Problem

After the preceding declarations the opinion's authors, Deputies Longino Soto Pacheco (Republican Party), Edgar Arroyo Cordero (Liberation Party), Angel Edmundo Solano Calderon (Liberation Party), Guillermo Jimenez Ramirez (National Unification Party), and Jorge Solano Chacon (National Liberation Party), commented that "the whole problem can be attributed to the fact that because of scruples, which in some cases can be perfectly justified and in others can be considered as a excess of puritanism, some have supported the theory that the capital which has been brought into this country is unclean and that the mutual fund companies are being prosecuted abroad. In short, that the source of the money is suspect."

We Do Not Interfere

Later, as a commentary on the preceding assertions, the parliamentarians who investigated the mutual funds declare:

"Among these scruples there are some that we will not even begin to consider in view of the fact that there have been many foreign investors who have come to settle in our country under worse accusations than those now tossed up against these mutual fund companies. Nor do we wish to interfere in legal actions which might be taken against these companies, for, just as we do not allow any foreigner or foreign country to interfere in our own affairs and even less in affairs subject to consideration by our tribunals of justice, we do not want to be accused of interfering with the administration of justice in other countries."

Regulating Investment

In light of the above, and after an extensive explanation of its purpose in doing so, the special commission of the Legislative Assembly recommends "the importance to the country of promulgating as soon as possible a law regulating foreign investment, a law in which it is established with all clarity what requisites foreigners should have to be allowed to invest in our country, as well as in what fields or activities they can participate, what profits they may realize, and what proportion of those profits should be reinvested right here. In short, a law regulating all those details suitable to safeguard the interests of the

country." "All this," they add, "not forgetting that it is necessary for our economy and for our development to offer conditions which permit us to attract additional resources from other countries."

Legislation

Legislation in effect in Mexico, Panama, Venezuela, Luxembourg and other countries was appended to the report, so that it could be utilized as deemed appropriate in the preparation of similar legislation.

For their part the signing deputies have agreed to introduce the first draft of a law to regulate foreign investment in this country.

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